Vol. 20, No. 30 April 8, 1998

Statements by tobacco companies on Senate Commerce Committee Legislation -- Philip Morris U.S.A.; Brown & Williamson Tobacco Corp.; Lorillard Tobacco Co.; and United States Tobacco Co.

The following statement was issued April 8 by Philip Morris U.S.A.

We regret that an historic opportunity to resolve decades old controversies surrounding tobacco has been lost.

We continue to want to be part of a solution to these controversies, particularly youth smoking. However, such a solution in this political environment is no longer possible.

We will actively oppose the Senate Commerce Committee bill because of its punitive impact on Philip Morris, our consumers, suppliers, retailers, growers and others.

We will ask our allies, consumers, employees and shareholders to join us in our opposition.

###

The following statement was issued April 8 by Brown & Williamson Tobacco Corp.

The political process has killed any prospects in the current Congress of achieving a rational, comprehensive solution to the issue of underage smoking, Brown & Williamson Tobacco Corporation's chief executive said today.

"Partisan politics, the absence of White House leadership and an obsession for punishing the industry have all but destroyed any hopes of achieving a workable solution in the waning days of this Congressional session," said Nicholas G. Brookes, B&W's Chairman and Chief Executive Officer.

The position taken today by Brown & Williamson is in response to pending legislation that essentially represents a dismantling of the comprehensive agreement proposed last June 20. The resolution signed by the tobacco companies, the states' chief law officers and representatives of the nation's major health organizations offered payments of $368.5 billion and a wide range of unprecedented marketing restrictions and regulation.

Brookes pointed out, however, that Congress has since proposed legislation focused on increased taxes and other financial payments which threaten to put the company out of business.

51851 8533

Source: https://www.industrydocuments.ucsf.edu/docs/nyyn0000

Specifically, the bill recently approved by the Senate Commerce Committee would:

- Impose a half-trillion dollars in new taxes on the American people
- Create a bootleg business in tobacco products
- Establish 17 new, major federal bureaucracies
- Allow an unelected federal agency to make it illegal for adults to buy tobacco products
- Devastate the tobacco industry and cost thousands of jobs among retailers, wholesalers, distributors, growers and others

"Congress wants us to sign a suicide note," Brookes said. "We won't do that. We won't stand by idly while a legal enterprise engaged in marketing a legal product is targeted for extinction by politicians, who in the name of our nation's youth and political correctness, have nothing more in mind than filling the coffers of the federal government. It's an unfair burden on our company, and it's an unfair burden on our consumers."

Brookes pointed out: "There has been a total lack of leadership. The White House, which encouraged, participated in and agreed to the regulatory, financial and civil liability provisions of the June 20 agreement, has privately dismantled it piece by piece. Instead of bold political leadership, we have had party politics."

Brookes said Brown & Williamson will continue to represent the rights of its employees, shareholders, consumers and thousands of stakeholders in the political arena.

"Instead of negotiating quietly with the White House and others, we are going to speak out and engage in the public policy debate affecting our industry and our consumers," Brookes said. "We are going to talk about the intrusion of government into the free enterprise system, about dramatic growth in government bureaucracy, about politically correct science and about the rights of adults in a free society to make up their own minds whether they want to smoke."

Brookes said that Brown & Williamson will continue on its own and in concert with the tobacco industry to address the youth-smoking issue. The company has launched a number of initiatives and is planning others.

Headquartered in Louisville, Ky., Brown & Williamson is the nation's third largest manufacturer and marketer of tobacco products. The company's major brands include KOOL, GPC, CAPRI, LUCKY STRIKE, and MISTY.

###

The following statement was issued April 8 by Lorillard Tobacco Company.

"The Lorillard Tobacco Company wants to associate itself fully with the remarks made today by Steve Goldstone. We stand by the commitments we made in the June 20 agreement, but we must recognize that this historic agreement will not be approved in the current political atmosphere.

51851 8534

Source: https://www.industrydocuments.ucsf.edu/docs/nyyn0000

"The nation has lost a genuine opportunity to develop a reasonable and responsible tobacco policy. The unworkable and unconstitutional proposals circulating in Congress would impose great economic costs on consumers and all portions of the industry. In addition, they would create an unnecessary Federal bureaucracy and a black market in tobacco products.

"We are committed to being responsible corporate citizens and working to find solutions to these serious issues. But it would be irresponsible -- to our customers and our company -- to agree to the kind of proposals now before Congress."

###

The following statement was issued April 8 by United States Tobacco Company.

United States Tobacco Company announces that it will vigorously oppose any excise tax or other regulatory proposals that are punitive in nature, such as the Senate Commerce Committee bill, and that do not truly address the issue of youth usage of smokeless tobacco products in a constructive and comprehensive fashion. The Company continues to believe that the Proposed Tobacco Resolution signed on June 20, 1997, represents the best approach to resolving many of the issues surrounding tobacco products while preserving the right of adults to choose to use its products. However, the Company reluctantly has concluded that the Congress is unlikely to enact -- and the President does not intend to sign -- legislation reflecting the provisions of the Proposed Resolution, and the Company is disappointed that this historic opportunity appears to be lost.

Although youth usage of smokeless tobacco is low, declining and already below the federal government's goal of 4 percent by the year 2000, the Company joined with other leading tobacco manufacturers and signed the Proposed Resolution in order to demonstrate in an historic and dramatic manner its desire to address the concerns of the President and those in the public health community regarding youth access to tobacco products.

"The Proposed Resolution was not just a bargaining chip," stated Vincent A. Gierer, Jr., Chairman and Chief Executive Officer, UST Inc., the Company's parent. "It represented an extraordinary and comprehensive commitment by the industry to address the controversy surrounding tobacco products while reflecting a realistic assessment of what the companies could accomplish -- and remain viable -- within the proposed framework. Unfortunately, this effort has become politicized; the legislative proposals pending in Congress differ significantly from the principles underlying the Proposed Resolution and are largely confiscatory in nature. We cannot, and will not, agree to any provisions requiring our consent -- such as waiving our constitutional rights under the First Amendment -- incorporated in legislative proposals which do little more than reflect the desires of those who wish to punish the Company and the adults who choose to use our products. While we are committed to addressing the concerns regarding youth usage of smokeless tobacco products, we also have a right to market a legal product to adults and a fiduciary obligation to our stockholders to oppose any legislative proposals which threaten the continued viability of our Company and the industry.

51851 8535

Source: https://www.industrydocuments.ucsf.edu/docs/nyyn0000

"Our Company has a proud tradition of marketing smokeless tobacco products that date back to 1822, over 175 years. We will fight to protect the rights of our stockholders, adult consumers, growers and employees by opposing any excise tax or other regulatory proposals that would serve only to inflict unnecessary economic harm to the stakeholders involved in this industry," said Gierer.

###

51851 8536

Source: https://www.industrydocuments.ucsf.edu/docs/nyyn0000